



# TEMAGAMI FIRST NATION Community Conversation



WEALTH CREATION THROUGH  
MODERN TRUSTS

# Agenda

- Who we are
- Background
- Trust Basics
- Modern Trust Designs



# Who We Are

- Canada's oldest and largest First Nation owned, federally regulated financial institution
- Fully owned by Samson Cree Nation of Maskwacis, Alberta
- Driven by a vision to bring unique financial solutions to the needs of First Nations across Canada



**Hon. Chief Victor Buffalo**

*Founder, former Chairman of the Board,  
and former Director of Peace Hills Trust*



# Who We Are

**FIRST NATION RELATIONSHIPS**

**135**

**TRUST RELATIONSHIPS**

**91**

**ASSETS UNDER MANAGEMENT**

**\$5 B**

We believe that each Nation is unique and the trust that is developed for you should be unique to the goals and vision of your Nation.

At Peace Hills there is no “one size fits all”!

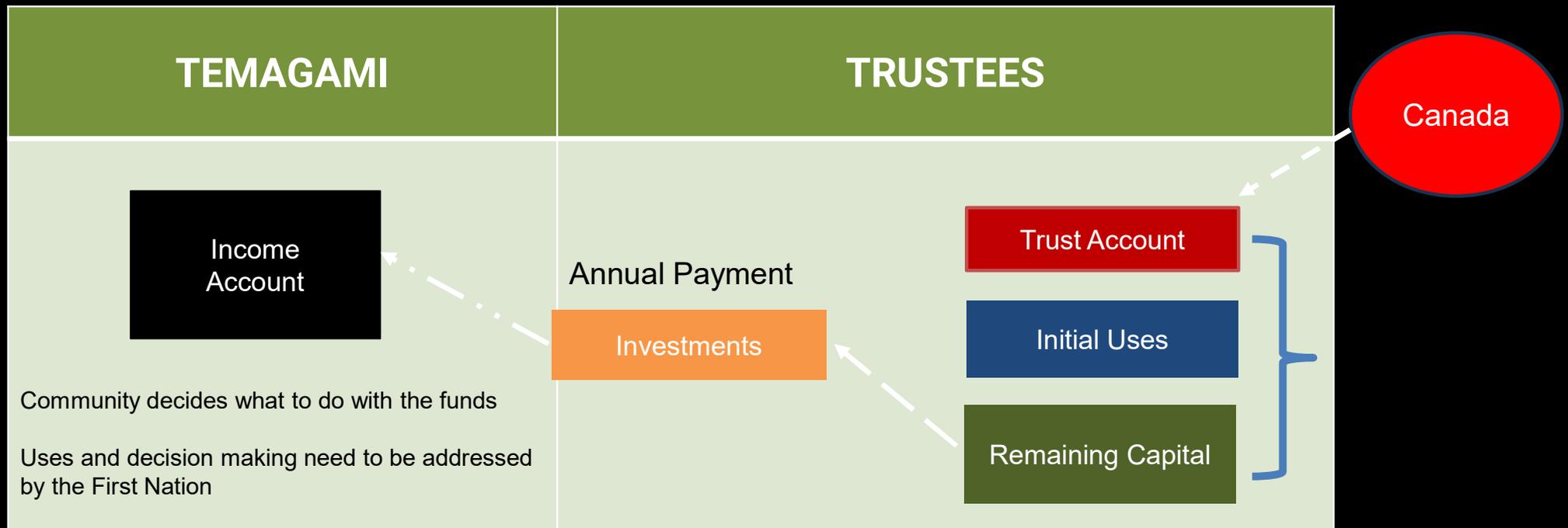
# Trusts - Why have Them?

- Trust are good vehicles in and of themselves:
  - They offer protection from creditors
  - They preserve the capital and provide long term cash flow
  - A way to turn a non-renewable resource into a renewable resource
- Stops the fear that the funds may not be used for the purpose for which they were intended

# What is a Trust? It's a Legal Relationship!

SETTLOR	TRUSTEES
<b>TEMAGAMI</b>	<ul style="list-style-type: none"><li>• Corporate Trustee</li><li>• Community Trustees</li><li>• Hybrid (combination of the 2)</li></ul>
<b>BENEFICIARIES</b> Members Represented by Chief and Council	

# A Trust as a Financial Vehicle



- The Trustees have no role or responsibility in determining how the funds are spent in the community.
- The decision to determine how to spend the annual payment is left up to the community – which will need to be dealt with separately.

# Planning for a Settlement

Factors that can influence the type of Trust Agreement:

- Amount of \$
- Uses of the Trust Property
- Decision making
- Costs to administer the Trust

# How Does Money Work in a Trust?

CAPITAL	REVENUE
Capital is the money deposited into the Trust Account	Is the money made from the capital

## Assumptions

Start with on January 1, 2025	\$100,000,000.00
Annual Portfolio Return	6.00%
Annual Payment to Nation	4.00%
Authorized Expenses	1.00%

6%

4%

1%

Year		Portfolio Balance as Jan. 1		Annual Portfolio Return		Annual Payment to Nation		Authorized Expenses		Nominal Dollars on Dec. 31
2025	1	\$100,000,000	+	\$6,000,000	-	\$4,000,000	-	\$1,000,000	=	\$101,000,000
2026	2	\$101,000,000	+	\$6,060,000	-	\$4,040,000	-	\$1,010,000	=	\$102,010,000
2027	3	\$102,010,000	+	\$6,120,600	-	\$4,080,400	-	\$1,020,100	=	\$103,030,100
2028	4	\$103,030,100	+	\$6,181,806	-	\$4,121,204	-	\$1,030,301	=	\$104,060,401
2029	5	\$104,060,401	+	\$6,243,624	-	\$4,162,416	-	\$1,040,604	=	\$105,101,005

Total Payments to Nation over 30 Years \$139,139,566 – Trust Balance after 30 years \$134,784,892

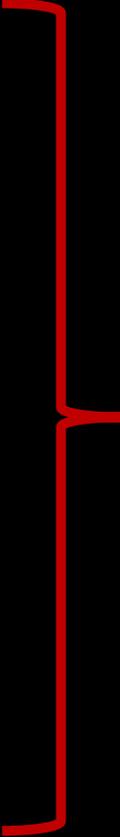
# Rules for Uses of the Funds

<b>CAPITAL</b>	<b>REVENUE</b>
<p>Trusts have rules on how funds are withdrawn from the capital.</p> <p>This is called an <b>Encroachment</b> or <b>Dipping</b> into the capital</p>	<p>Trusts have rules on how the revenue payment is issued to the Nation.</p> <p>This is called the <b>Annual Income</b>.</p>

# Initial Costs

Examples of initial expenses are:

- Legal fees, incurred by the Nation in researching, preparing, negotiating and ratifying the settlement claim, to the extent that the same are not previously covered by the Settlement Agreement.
- Personal Cash Distributions (challenges)
- Debt Pay down



**CAPITAL  
USES**

**Possible other initial uses?**

# Emergencies

## CAPITAL USES

- Would you want a rule to be able to dip into capital for an emergency?
- Must exhaust all other avenues first?
- Repaid before more can be drawn upon?



# What about Land Purchases, Community or Economic Development

**CAPITAL  
USES**

Do you want to have rules to drawdown on the capital for special purposes?

If so, how much and how often?

Should there be set limits?

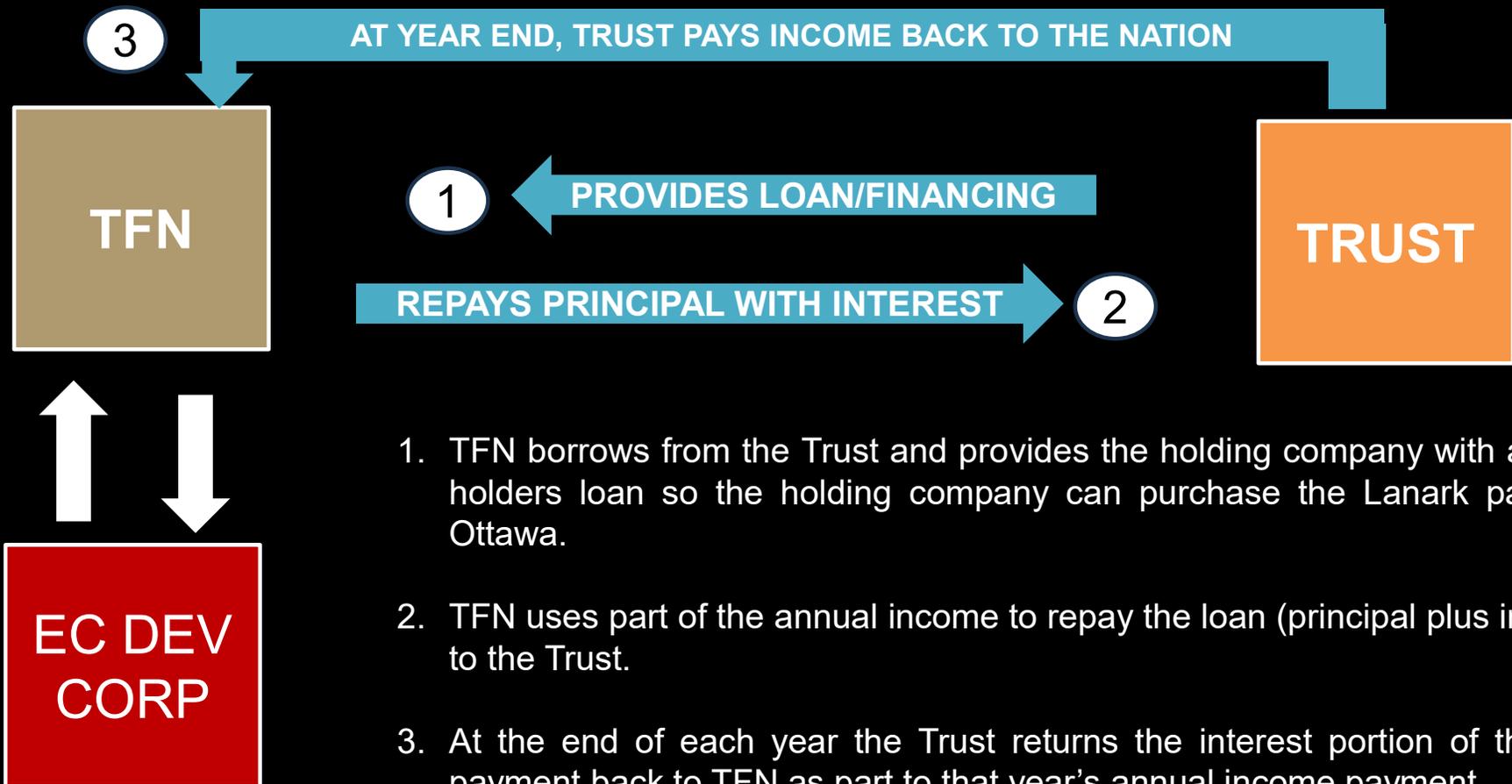


# ENCROACHMENTS (dipping into) CAPITAL



BUT once it is gone – it's gone and you lose that income forever.

# BORROWING FROM THE TRUST



1. TFN borrows from the Trust and provides the holding company with a share holders loan so the holding company can purchase the Lanark parcel in Ottawa.
2. TFN uses part of the annual income to repay the loan (principal plus interest) to the Trust.
3. At the end of each year the Trust returns the interest portion of the loan payment back to TFN as part to that year's annual income payment.

# COMPARISON (with dipping into Capital)

Enter Values	
Loan Amount	\$10,000,000.00
Annual Interest Rate	4.45 %
Loan Period in Years	10
Number of Payments Per Year	1
Start Date of Loan	2025-01-27
Optional Extra Payments	

Loan Summary	
Scheduled Payment	\$1,260,683.22
Scheduled Number of Payments	10
Actual Number of Payments	10
Total Early Payments	\$ -
Total Interest	\$2,606,832.25

Lender Name:

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance
1	2026-01-27	\$ 10,000,000.00	\$ 1,260,683.22	\$ -	\$ 1,260,683.22	\$ 815,683.22	\$ 445,000.00	\$ 9,184,316.78
2	2027-01-27	9,184,316.78	1,260,683.22	-	1,260,683.22	851,981.13	408,702.10	8,332,335.65
3	2028-01-27	8,332,335.65	1,260,683.22	-	1,260,683.22	889,894.29	370,788.94	7,442,441.36
4	2029-01-27	7,442,441.36	1,260,683.22	-	1,260,683.22	929,494.58	331,188.64	6,512,946.77

# Rules for the Annual Income

## **Outside of Trust**

1. Financial Policies and Bylaws.
2. Community Comprehensive Community Plan.

## **Built into the Trust**

1. Consults with Members at least two times in the spring regarding how the annual payments will be spent.
2. Yearly audit on how the annual payment has been used and provides Members with details.

# Powers & Duties

POWERS	DUTIES
Hire Investment Managers	Develop Invest policy
Hire Accountants	Monthly Financial Reporting
Hire Lawyer	Quarterly Newsletters
	Annual Reports & Audits
	Regular Meetings

# Taxation

- A FN Trust is neither a person nor a First Nation and must pay tax on any retained income in the Trust at the end of every year.
- There are ways to avoid paying tax.
- While taxation is important, it should not be the overriding factor in determining the plan for the Trust.

# How Long Should the Trust Last?

- No right or wrong answer.
- Many First Nation Trusts are set up to last for 100 years.
- Hard to know what the needs of the Nation will be in 100 years.
- When the Trust ends it can always be rolled into a new Trust.
- Perhaps a shorter period might make sense, say 50 years?



# MIIGWECH

## QUESTIONS